

**ACADIANA REGIONAL  
DEVELOPMENT DISTRICT**

*Lafayette, Louisiana*

**Financial Report**

**Year Ended June 30, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 26 2014**

## TABLE OF CONTENTS

	No.
INDEPENDENT AUDITOR'S REPORT	3-5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Position	8
Statement of Activities	9
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Funds	11-12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14-15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Comparative Statement of Net Position - Proprietary Fund	17
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	18
Comparative Statement of Cash Flows - Proprietary Fund	19
Notes to Financial Statements	20-31
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
General Fund	33
Major Special Revenue Funds	34
INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government         Auditing Standards</i>	36-37
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	38-40
Schedule of Prior Year Findings and Questioned Costs	41-43
Schedule of Findings and Questioned Costs	44-47
Management's Corrective Action Plan for Current Year Findings	48
Schedule of Expenditures of Federal Awards	49



# Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors of  
Acadiana Regional Development District  
Lafayette, Louisiana

Eugene H. Darnall, CPA, Deceased 2009  
Barbara Ann Watts, CPA/CFE, Deceased 2013

E. Larry Sikes, CPA/PFS, CVA, CFP®  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. Higginbotham, CPA  
John P. Armato, CPA/PFS  
J. Stephen Gardes, CPA, CVA  
Jennifer S. Ziegler, CPA/PFS, CFP®  
Chris A. Miller, CPA, CVA  
Steven G. Moosa, CPA  
M. Rebecca Gardes, CPA  
Joan B. Moody, CPA  
Lauren V. Hebert, CPA/PFS  
Erich G. Loewer, III, CPA, M.S. Tax  
Stephen R. Dischler, MBA, CPA  
Pamela Mayeux Bonin, CPA, CVA  
Craig C. Babineaux, CPA/PFS, CFP®  
Jeremy C. Meaux, CPA  
Chad M. Bailey, CPA  
Adam J. Curry, CPA, CFP®  
Kyle P. Saltzman, CPA  
Blaine M. Crochet, CPA, M.S.

Kathleen T. Darnall, CPA  
Kevin S. Young, CPA  
Christy S. Dew, CPA, MBA  
Rachel W. Ashford, CPA  
Veronica L. LeBleu, CPA, MBA  
Christine Guidry Berwick, CPA, MBA  
Brandon L. Porter, CPA  
Christine H. Ford, CPA  
Barry J. Dufrene, CPA  
Tanya S. Nowlin, Ph.D., CPA  
Nicole B. Bruchez, CPA, MBA  
Brandon R. Dunphy, CPA  
Seth C. Norris, CPA  
Ryan Earles, CPA  
Jennifer Zaunbrecher, CPA  
Robert C. Darnall, CPA, M.S.  
Elizabeth H. Olinda, CPA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Acadiana Regional Development District (a nonprofit corporation), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

2000 Kaliste Saloom  
Suite 300  
Lafayette, LA 70508  
Phone: 337.232.3312  
Fax: 337.237.3614

1231 E. Laurel Avenue  
Eunice, LA 70535  
Phone: 337.457.4146  
Fax: 337.457.5060

1201 Brashear Avenue  
Suite 301  
Morgan City, LA 70380  
Phone: 985.384.6264  
Fax: 985.384.8140

203 S. Jefferson Street  
Abbeville, LA 70510  
Phone: 337.893.5470  
Fax: 337.893.5470

A Member of:  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

[www.dsfcpas.com](http://www.dsfcpas.com)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Acadiana Regional Development District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Acadiana Regional Development District will continue as a going concern. As discussed in Note 14 to the financial statements, ARDD is having trouble meeting its operational cash needs and has many debts coming due. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America budgetary comparison information on pages 33-34 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Acadiana Regional Development District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2014, on our consideration of the Acadiana Regional Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Acadiana Regional Development District's internal control over financial reporting and compliance.

*Dannall, Sikes, Gaudes & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana  
January 14, 2014

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT WIDE FINANCIAL STATEMENTS**

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Statement of Net Position June 30, 2013 With Comparative Totals for June 30, 2012

	2013			2012
	Governmental Activities	Business-Type Activities	Total	Total
<b>ASSETS</b>				
Current assets:				
Cash-unrestricted	\$ 52,275	\$ -	\$ 52,275	\$ 24,412
Cash-restricted	-	3,404,747	3,404,747	2,516,348
Accounts receivable	22,869	-	22,869	157,538
Loans receivable	-	2,068,336	2,068,336	2,971,376
Interfund receivable	64,578	190,000	254,578	297,444
Foreclosed real estate	-	-	-	6,500
Prepaid expenses	15	-	15	825
Total current assets	<u>139,737</u>	<u>5,663,083</u>	<u>5,802,820</u>	<u>5,974,443</u>
Noncurrent assets:				
Capital assets, net	<u>2,344,800</u>	<u>-</u>	<u>2,344,800</u>	<u>2,377,827</u>
Total assets	<u>\$ 2,484,537</u>	<u>\$ 5,663,083</u>	<u>\$ 8,147,620</u>	<u>\$ 8,352,270</u>
<b>LIABILITIES</b>				
Current liabilities:				
Current portion of long-term debt	\$ 98,619	\$ 38,510	\$ 137,129	\$ 167,859
Accounts payable	41,891	-	41,891	166,991
Deferred revenue	70,668	-	70,668	113,242
Interfund payable	254,578	-	254,578	297,444
Total current liabilities	<u>465,756</u>	<u>38,510</u>	<u>504,266</u>	<u>745,536</u>
Noncurrent liabilities:				
Long-term debt	<u>411,805</u>	<u>156,996</u>	<u>568,801</u>	<u>566,058</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	2,344,800	-	2,344,800	2,377,827
Restricted for lending activities	-	5,467,577	5,467,577	5,488,718
Unrestricted	<u>(737,824)</u>	<u>-</u>	<u>(737,824)</u>	<u>(825,869)</u>
Total net position	<u>\$ 1,606,976</u>	<u>\$ 5,467,577</u>	<u>\$ 7,074,553</u>	<u>\$ 7,040,676</u>

The accompanying notes are an integral part of this statement.



# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Statement of Activities Year Ended June 30, 2013

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Economic development	\$ 528,113	\$ 103,224	\$ 285,101	\$ (139,788)	\$ -	\$ (139,788)
Business-type activities:						
Relending programs	<u>28,827</u>	<u>84,900</u>	<u>-</u>	<u>-</u>	<u>56,073</u>	<u>56,073</u>
Total	<u>\$ 556,940</u>	<u>\$ 188,124</u>	<u>\$ 285,101</u>	<u>(139,788)</u>	<u>56,073</u>	<u>(83,715)</u>
General revenues:						
Contributions not restricted to specific programs -						
Local dues revenues				37,228	-	37,228
Interest income				45	-	45
Miscellaneous				16,924	-	16,924
Rental Income				63,395	-	63,395
Transfers				<u>77,214</u>	<u>(77,214)</u>	<u>-</u>
Total general revenues				<u>194,806</u>	<u>(77,214)</u>	<u>117,592</u>
Change in net position				55,018	(21,141)	33,877
Net position - June 30, 2012				<u>1,551,958</u>	<u>5,488,718</u>	<u>7,040,676</u>
Net position - June 30, 2013				<u>\$ 1,606,976</u>	<u>\$ 5,467,577</u>	<u>\$ 7,074,553</u>

The accompanying notes are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**ACADIANA REGIONAL DEVELOPMENT DISTRICT**

**Balance Sheet – Governmental Funds  
June 30, 2013  
(With Comparative Totals as of June 30, 2012)**

	<u>General Fund</u>	<u>Business Recovery Grant/Loan Program</u>	<u>EDA Gulf Oil Spill Fund</u>	<u>EDA Fund</u>
<b>ASSETS</b>				
Cash-unrestricted	\$ 52,221	\$ -	\$ -	\$ -
Accounts receivable	4,938	-	6,090	-
Interfund receivable	-	-	34,438	5,140
Prepaid expenses	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 57,174</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 40,528</u></b>	<b><u>\$ 5,140</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 41,891	\$ -	\$ -	\$ -
Current portion of long-term debt	68,837	-	-	-
Deferred revenue	-	-	40,528	5,140
Interfund payable	<u>242,683</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>353,411</u></b>	<b><u>-</u></b>	<b><u>40,528</u></b>	<b><u>5,140</u></b>
<b>Fund balances</b>				
Unassigned	<u>(296,237)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund equity</b>	<b><u>(296,237)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 57,174</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 40,528</u></b>	<b><u>\$ 5,140</u></b>

NEG Business Capitalization Grant Fund	Building Construction Fund	Other Governmental Funds	Totals	
			2013	2012
\$ -	\$ -	\$ 54	\$ 52,275	\$ 24,412
11,841	-	-	22,869	157,538
-	25,000	-	64,578	107,444
-	-	-	15	825
<u>\$ 11,841</u>	<u>\$ 25,000</u>	<u>\$ 54</u>	<u>\$ 139,737</u>	<u>\$ 290,219</u>
\$ -	\$ -	\$ -	\$ 41,891	\$ 166,991
-	-	-	68,837	81,659
-	25,000	-	70,668	113,242
<u>11,841</u>	<u>-</u>	<u>54</u>	<u>254,578</u>	<u>297,444</u>
<u>11,841</u>	<u>25,000</u>	<u>54</u>	<u>435,974</u>	<u>659,336</u>
-	-	-	(296,237)	(369,117)
-	-	-	(296,237)	(369,117)
<u>\$ 11,841</u>	<u>\$ 25,000</u>	<u>\$ 54</u>	<u>\$ 139,737</u>	<u>\$ 290,219</u>

The accompanying notes are an integral part of this statement

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Reconciliation of the Governmental Funds Balance Sheet  
To the Statement of Net Position  
June 30, 2013

Total fund balances for governmental funds at June 30, 2013		\$ (296,237)
Total net position reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 175,500	
Building, net of \$51,635 accumulated depreciation	2,169,300	
Equipment, net of \$61,076 accumulated depreciation	<u>-</u>	2,344,800
Long term debt amounts are not due and payable in the current period, and therefore are not reported as liabilities in the funds.		<u>(441,587)</u>
Total net position of governmental activities at June 30, 2013		<u>\$ 1,606,976</u>

The accompanying notes are an integral part of this statement.

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds Year Ended June 30, 2013 (With Comparative Totals for the Year Ended June 30, 2012)

	General Fund	Business Recovery Grant/Loan Program	EDA Gulf Oil Spill Fund	EDA Fund
<b>Revenues:</b>				
Federal grants	\$ -	\$ -	\$ 92,271	\$ 132,305
State grants	-	-	-	-
Local funds	37,228	-	-	-
Other	80,363	1,731	-	-
Total revenues	<u>117,591</u>	<u>1,731</u>	<u>92,271</u>	<u>132,305</u>
<b>Expenditures:</b>				
Personnel	104,075	-	56,482	57,600
Grant disbursements	200	-	-	-
Advertising	356	-	-	-
Board activities	62	-	-	-
Consulting and contractual	-	-	20,440	-
Dues and subscriptions	1,393	-	25	591
Equipment costs	2,735	-	1,523	1,178
Insurance and bonding	4,143	-	3,426	2,550
Interest	36,007	-	-	-
Miscellaneous	5,957	144	2,613	2,531
Supplies	963	-	69	193
Professional fees	20,823	-	4,781	1,884
Rent and utilities	9,377	-	5,608	7,354
Technical assistance	-	-	-	-
Telephone	5,535	-	4,416	3,255
Training	-	-	432	50
Travel	3,009	-	962	770
Debt service principal	15,165	-	-	-
Capital outlay	-	-	-	-
	<u>209,800</u>	<u>144</u>	<u>100,777</u>	<u>77,956</u>
Excess (deficiency) of revenues over expenditures	(92,209)	1,587	(8,506)	54,349
<b>Other financing sources (uses):</b>				
Operating transfers in	165,099	-	8,506	-
Operating transfers out	-	(1,587)	-	(54,359)
Total other financing sources (uses)	<u>165,099</u>	<u>(1,587)</u>	<u>8,506</u>	<u>(54,359)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	72,890	-	-	(10)
Fund balance (deficit), beginning	<u>(369,117)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (296,227)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10)</u>

NEG Business Capitalization	Building Construction Fund	Other Governmental Funds	Total	
			2013	2012
\$ -	\$ 11,242	\$ 24,250	\$ 260,068	\$ 1,851,949
95,969	-	-	95,969	15,341
-	-	-	37,228	179,688
275	-	30,283	112,652	88,452
96,244	11,242	54,533	505,917	2,135,430
22,741	-	22,556	263,454	410,014
39,848	-	-	40,048	-
-	-	-	356	2,221
-	-	-	62	445
-	-	-	20,440	48,421
16	-	4	2,029	(790)
171	-	2,050	7,657	11,252
1,617	-	795	12,531	11,630
-	-	-	36,007	31,059
1,944	-	1,667	14,856	19,693
8	-	23	1,256	7,145
2,570	-	3,074	33,132	21,823
2,730	-	2,030	27,099	32,658
-	-	-	-	3,536
1,970	-	1,321	16,497	17,363
-	-	-	482	1,549
1,945	-	1,252	7,938	18,109
-	-	-	15,165	35,400
-	11,242	-	11,242	1,634,716
75,560	11,242	34,772	510,251	2,306,244
20,684	-	19,761	(4,334)	(170,814)
-	-	-	173,605	230,294
(20,684)	-	(19,761)	(96,391)	(145,432)
(20,684)	-	(19,761)	77,214	84,862
-	-	-	72,880	(85,952)
-	-	-	(369,117)	(283,165)
\$ -	\$ -	\$ -	\$ (296,237)	\$ (369,117)

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
Of Governmental Funds to the Statement of Activities  
June 30, 2013

Total net changes in fund balances at June 30, 2013 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 72,880
The change in net position reported for governmental activities in the statement of activities is different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	15,165
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.	
Capital outlay expenditures	11,242
Depreciation expense for the year ended June 30, 2013	<u>(44,269)</u>
Total changes in net position at June 30, 2013 per Statement of Activities	<u>\$ 55,018</u>

The accompanying notes are an integral part of this statement.



# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Comparative Statement of Net Position Proprietary Funds June 30, 2013 and 2012

	USDA Relending Program	EDA Relending Program	BRGLP Relending Program	Total	
				2013	2012
<b>ASSETS</b>					
Cash-restricted	\$ 185,016	\$ 259,265	\$ 2,960,466	\$ 3,404,747	\$ 2,516,348
Loans receivable	67,654	233,644	1,767,038	2,068,336	2,971,376
Interfund receivable	-	190,000	-	190,000	190,000
Foreclosed real estate	-	-	-	-	6,500
Total assets	<u>252,670</u>	<u>682,909</u>	<u>4,727,504</u>	<u>5,663,083</u>	<u>5,684,224</u>
<b>LIABILITIES</b>					
Current liabilities:					
Current portion of long-term debt	<u>38,510</u>	<u>-</u>	<u>-</u>	<u>38,510</u>	<u>19,159</u>
Total current liabilities	<u>38,510</u>	<u>-</u>	<u>-</u>	<u>38,510</u>	<u>19,159</u>
Noncurrent liabilities:					
Long-term debt	<u>156,996</u>	<u>-</u>	<u>-</u>	<u>156,996</u>	<u>176,347</u>
<b>NET ASSETS</b>					
Restricted for relending activities	<u>57,164</u>	<u>682,909</u>	<u>4,727,504</u>	<u>5,467,577</u>	<u>5,488,718</u>
Total net position	<u>\$ 57,164</u>	<u>\$ 682,909</u>	<u>\$ 4,727,504</u>	<u>\$ 5,467,577</u>	<u>\$ 5,488,718</u>

The accompanying notes are an integral part of this statement.

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds Years Ended June 30, 2013 and 2012

	USDA Relending Program	EDA Relending Program	BRGLP Relending Program	Total	
				2013	2012
Operating revenues:					
Interest income	\$ 9,315	\$ 6,186	\$ 69,399	\$ 84,900	\$ 55,853
Operating expenses:					
Personnel	568	-	-	568	4,390
Advertising	-	-	-	-	3
Bad debt provision	-	-	22,912	22,912	228,056
Contractual services	-	-	-	-	491
Supplies	2	-	-	2	99
Insurance and bonding	396	-	-	396	473
Interest expense	-	-	-	-	2,180
Loss on impaired real estate	-	-	-	-	11,719
Miscellaneous	3,040	-	54	3,094	4,884
Professional fees	811	-	-	811	889
Rent and utilities	641	-	-	641	1,010
Telephone	403	-	-	403	595
Training	-	-	-	-	61
Travel	-	-	-	-	319
Total operating expenses	5,861	-	22,966	28,827	255,169
Income (loss) from operations	3,454	6,186	46,433	56,073	(199,316)
Transfers in (out)	6,524	(664)	(83,074)	(77,214)	(84,862)
Change in net position	9,978	5,522	(36,641)	(21,141)	(284,178)
Retained earnings - restricted, beginning	47,186	677,387	4,764,145	5,488,718	5,772,896
Retained earnings - restricted, ending	\$ 57,164	\$ 682,909	\$ 4,727,504	\$ 5,467,577	\$ 5,488,718

The accompanying notes are an integral part of this statement.

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Comparative Statement of Cash Flows Proprietary Fund Years Ended June 30, 2013 and 2012

	Relending Program	Relending Program	Relending Program	Total	
				2013	2012
Cash flows from operating activities:					
Receipts from customers	\$ 19,222	\$ 32,625	\$ 919,681	\$ 971,528	\$ 994,723
Loans to customers	-	-	-	-	(575,000)
Payments to employees	(568)	-	-	(568)	(4,390)
Payments to suppliers	(5,293)	-	(54)	(5,347)	(11,004)
Net cash provided by operating activities	<u>13,361</u>	<u>32,625</u>	<u>919,627</u>	<u>965,613</u>	<u>404,329</u>
Cash flows from noncapital financing activities:					
Net increase in interfund payables	-	-	-	-	(51,879)
Transfers to other funds	6,524	(664)	(83,074)	(77,214)	(84,862)
Repayment of note payable	-	-	-	-	(18,934)
Net cash provided (used) in noncapital financing activities	<u>6,524</u>	<u>(664)</u>	<u>(83,074)</u>	<u>(77,214)</u>	<u>(155,675)</u>
Net increase (decrease) in cash and cash equivalents	19,885	31,961	836,553	888,399	248,654
Cash and cash equivalents, beginning	<u>165,131</u>	<u>227,304</u>	<u>2,123,913</u>	<u>2,516,348</u>	<u>2,267,694</u>
Cash and cash equivalents, ending	<u>\$ 185,016</u>	<u>\$ 259,265</u>	<u>\$ 2,960,466</u>	<u>\$ 3,404,747</u>	<u>\$ 2,516,348</u>
Reconciliation of net income to net cash provided by operating activities:					
Net income (loss) before transfers	\$ 3,454	\$ 6,186	\$ 46,433	\$ 56,073	\$ (199,316)
Adjustments to reconcile net income to net cash provided by operating activities:					
Sale of foreclosed real estate	-	6,500	-	6,500	11,719
Decrease in loans receivable	<u>9,907</u>	<u>19,939</u>	<u>873,194</u>	<u>903,040</u>	<u>591,926</u>
Net cash provided by operating activities	<u>\$ 13,361</u>	<u>\$ 32,625</u>	<u>\$ 919,627</u>	<u>\$ 965,613</u>	<u>\$ 404,329</u>

The accompanying notes are an integral part of this statement.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Acadiana Regional Development District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the District as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

##### Fund Financial Statements (FFS)

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the District.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The various funds of the District are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the District are described below:

##### Governmental Fund Types:

###### General Fund -

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

###### Major Special Revenue Funds -

The Major Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Additionally, the District has chosen to report the activity of certain special funds as Major Special Revenue Funds.

##### Proprietary Fund Type:

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following are the District's proprietary fund types:

###### Enterprise Fund -

The Enterprise Fund is used for activities which are financed and operating in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. These funds include the USDA, EDA, and BRGLP Revolving Loan Programs.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

##### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues for cost-reimbursement type grants are recognized when the related expenditure is incurred.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

##### Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the District. As a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

##### Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

##### Budgets and Budgetary Accounting

Budgets for the various programs are prepared according to source and object by the individual department heads and are submitted to the Executive Director for approval. After preliminary approval, all budgets are compiled and submitted to the Board of Directors for final approval. Once Board approval and adoption is complete, the budget is then entered into the financial statements and monthly comparisons are made. Six months into the year a budget revision is completed and the same procedures are followed as with the original budget. The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP).

##### Transfers and Interfund Loans

Advances between funds where repayment is not expected are accounted for as transfers. In those cases where repayment is expected, the advances are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables and payables.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Allowance for Bad Debts

The District provides an allowance for loan losses equal to the estimated uncollectible amounts. The allowance is based on the District's review of the current status of loans receivable under the revolving loan programs. It is reasonably possible that the District's estimate of the allowance for loan losses will change. EDA Relending Program loans receivable are presented net of an allowance for loan losses of \$50,000 at June 30, 2013. BRGLP Relending Program loans receivable are presented net of an allowance for loan losses of \$445,000 at June 30, 2013.

##### Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents

##### Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives of equipment are five to seven years while the estimated useful life of the building is fifty years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

##### Use of Estimates

The District's management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results may differ from these estimates.



## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Deferred Revenues

The District reports deferred revenues on both the Statement of Net Position (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the District receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Position and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized.

##### Net Position in the Government-wide Financial Statements

In the government-wide Statement of Net Position, the Net Position amounts are classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the District did not have any borrowings that were related to capital assets.
- Restricted net position – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first to finance its activities.

##### Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's board of directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the District's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose. The District did not have any assigned resources as of year end.
- **Unassigned:** This classification is the residual fund balance of the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the District will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the District's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Notes to Financial Statements

### NOTE 2 REVENUE RECOGNITION

Revenues from intergovernmental grants received before related costs are incurred are deferred until such costs are expended. Revenues from intergovernmental grants on a cost reimbursement basis are recognized as related costs are obligated and resultant receivable accrued. Moneys for local dues are billed on a calendar year basis and revenue is recognized in the fiscal year received.

### NOTE 3 CASH

Cash accounts at June 30, 2013 consist of the following:

Cash in bank, unrestricted	\$ 52,275
Cash in bank, restricted	<u>3,404,747</u>
	<u>\$ 3,457,022</u>

Restricted cash consists of amounts in the Proprietary Fund Type which is restricted by grant provisions for relending or repayment of note payable.

The District maintains its cash in bank deposit accounts at local financial institutions. The balance at year end that were uncovered by depository insurance were \$480,438.

### NOTE 4 INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables at June 30, 2013 consist of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 242,683
Special Revenue Funds -		
Rural Business Enterprise Grant	-	54
Building Construction Fund	25,000	-
EDA Fund	5,140	-
EDA Gulf Oil Spill Fund	34,438	-
NEG Business Capitalization Fund	-	11,841
Enterprise Fund		
EDA Relending Program	<u>190,000</u>	<u>-</u>
	<u>\$ 254,578</u>	<u>\$ 254,578</u>

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Notes to Financial Statements

### NOTE 5 FORECLOSED REAL ESTATE

On February 9, 2009, the District acquired via Sheriff sale, certain real estate which was collateral for a loan that was in default. The District has utilized the outstanding loan balance of \$18,219 as the carrying value while the real estate was available for sale. On July 27, 2012, the real estate was sold for \$6,500. As a result, the District has recorded a loss on impaired real estate of \$11,719 for the period ended June 30, 2012.

### NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
Capital assets				
Equipment	\$ 61,076	\$ -	\$ -	\$ 61,076
Building	2,209,693	11,242	-	2,220,935
Land	175,500	-	-	175,500
	<u>2,446,269</u>	<u>11,242</u>	<u>-</u>	<u>2,457,511</u>
Less accumulated depreciation				
Equipment	61,076	-	-	61,076
Building	7,366	44,269	-	51,635
Land	-	-	-	-
	<u>68,442</u>	<u>44,269</u>	<u>-</u>	<u>112,711</u>
Capital assets, net	<u>\$2,377,827</u>	<u>\$ (33,027)</u>	<u>\$ -</u>	<u>\$2,344,800</u>

The District's land and building were acquired with grant proceeds from the United States Department of Commerce, Economic Development Administration (EDA). On October 12, 2012, the District and EDA executed an agreement and mortgage which prohibits the District to sell, mortgage, transfer, or alienate any right or interest in the property other than by a lease permitted by the award agreement. This agreement and mortgage is effective for a (20) year period and contains various covenants related to lease of the property, hazard insurance, preservation and maintenance of the property, etc.

### NOTE 7 BOARD OF DIRECTORS

All services provided by Board members of the District are on a voluntary basis and they receive no compensation for serving as a director or officer nor do they receive any per diem or travel allowances.

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Notes to Financial Statements

### NOTE 8 LONG TERM AND SHORT TERM DEBT OBLIGATIONS

The district's governmental fund has the following long term debt obligation:

Note Payable to Tri District Development Corporation in the amount of \$461,552 at May 31, 2012, to be amortized over (9) years at the interest rate of 5.50%, requiring basic monthly payments of \$5,428, plus an estimated additional amount representing an assignment of 36% of gross rental income derived from building and office space rentals, whereby the expected average monthly payment during the life of the loan shall be \$7,541.

\$ 441,587

The district's business-type fund has the following long term debt obligation:

Term loan in the amount of \$800,000 from Farmers' Home Administration, bearing interest at 1% per annum, dated October 1, 1993, with annual principal and interest payments commencing June 11, 1996. Collateral consists of mortgages on real estate, equipment and inventory of the ultimate recipients in the loan program and security in the District's loan portfolio.

\$ 195,506

The debt service requirement for these long term debt issues is as follows:

	<u>Governmental Activites</u>		<u>Business-type Activites</u>	
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	29,782	22,063	38,510	3,718
2015	69,582	20,908	19,544	1,570
2016	73,507	16,983	19,739	1,375
2017	77,653	12,836	19,937	1,177
2018	75,024	8,456	20,136	978
2019-2022	116,039	531	77,640	1,877
	<u>\$ 441,587</u>	<u>\$ 81,777</u>	<u>\$ 195,506</u>	<u>\$ 10,695</u>

The District's general fund has the following short term debt obligation:

Line-of-credit in the amount of \$100,000 from Capital One, bearing interest at the interest rate of 6.88%.

\$ 68,837

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 9 BUSINESS RECOVERY LOAN RELENDING PROGRAM

Pursuant to the Business Recovery Grant and Loan Guidelines, Acadiana Regional Development District has outstanding (57) Phase I loans totaling \$877,856 and (22) Phase II loans totaling \$629,728 and (12) Relending loans totaling \$704,458 funded by federal awards from the Department of Housing and Urban Development. Loan recipients were typically small and independent businesses in the most impacted areas of Louisiana, who were experiencing depressed revenues since Hurricanes Katrina and Rita. Phase I and Phase II loans are uncollateralized. Phase I loans are non-interest bearing and Phase II loans are non-interest bearing for two years and then bear interest at a rate of 4.0%. Relending loans are interest-bearing and are collateralized.

Loans are to be repaid over three to seven years, as determined appropriate by Acadiana Regional Development District. Loan repayments are restricted for the purpose of creating a revolving loan fund from which additional loans may be made. During the years ended June 30, 2013, and June 30, 2012, relending loans in the amount of \$0 and \$575,000, respectively, have been issued.

#### NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions, injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the District's insurance coverage.

#### NOTE 11 CONTINGENCIES

The Acadiana Regional Development District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the grant contracts.

#### NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 14, 2014, the date the financial statements were available to be issued. There were no events that required disclosure.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### NOTE 13 FUND DEFICITS

The General Fund, as of June 30, 2013, contains a deficit fund balance. Management of ARDD plans to address the deficit by either generating additional future revenues or allocating transfers from other funds. ARDD has been involved in preliminary discussions with unrelated third parties who have expressed an interest in possibly taking over or partnering with ARDD in the administration of certain loan programs currently being handled by ARDD. The discussions involve the payment of an upfront fee for the loans or possibly an ongoing fee or commission paid to ARDD when existing debtors utilize certain services of the potential partner.

#### NOTE 14 GOING CONCERN

ARDD has experienced difficulty in obtaining sufficient unrestricted funds to provide working capital. In the past, they were regularly receiving grants to cover operations and were able to obtain financing with Tri-District to meet additional current needs. After not being able to make the balloon payment due to Tri-District in 2012, ARDD has renegotiated their \$441,587 debt and is still unable to make regular payments. In addition, ARDD erroneously transferred \$190,000 of restricted cash from the EDA Relending Fund to the General fund to cover operating expenses, the repayment of which, in the short term, appears to be unlikely. These factors create an uncertainty about ARDD's ability to continue as a going concern. Management is developing plans to generate grant revenue and reorganize their debt. ARDD is looking for grants, but many that they are eligible for require a match, which they do not have the available cash to meet. They are looking to refinance their debt with Tri-District and have been approached by an outside party who offered to take over ARDD's EDA Relending program and repay the amount due to EDA. The ability of ARDD to continue as a going concern is dependent upon the success of these efforts.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**ACADIANA REGIONAL DEVELOPMENT DISTRICT**

**Budgetary Comparison Schedule**

**General Fund**

**Year Ended June 30, 2013**

	<u>Budget</u>			<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Federal grants	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Local funds	112,500	168,870	37,228	(131,642)
Other	<u>200,000</u>	<u>113,629</u>	<u>80,363</u>	<u>(33,266)</u>
Total revenues	<u>312,500</u>	<u>282,499</u>	<u>117,591</u>	<u>(164,908)</u>
<b>Expenditures:</b>				
Personnel	131,250	116,829	104,075	12,754
Grant/loan disbursements	-	-	200	(200)
Advertising	6,800	1,800	356	1,444
Board activities	1,100	863	62	801
Consulting and contractual	13,319	3,340	-	3,340
Dues and subscriptions	-	1,012	1,393	(381)
Equipment costs	1,250	2,200	2,735	(535)
Insurance and bonding	6,000	4,000	4,143	(143)
Interest	30,000	102,000	36,007	65,993
Miscellaneous	4,800	5,500	5,957	(457)
Supplies	1,550	3,700	963	2,737
Professional fees	5,480	11,500	20,823	(9,323)
Rent and utilities	36,000	9,500	9,377	123
Telephone	4,800	4,600	5,535	(935)
Training	2,081	800	-	800
Travel	4,000	1,810	3,009	(1,199)
Debt service principal	-	-	<u>15,165</u>	<u>(15,165)</u>
Total expenditures	<u>248,430</u>	<u>269,454</u>	<u>209,800</u>	<u>59,654</u>
Excess (deficiency) of revenues over expenditures	64,070	13,045	(92,209)	(105,254)
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>165,099</u>	<u>165,099</u>
	<u>-</u>	<u>-</u>	<u>165,099</u>	<u>165,099</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	64,070	13,045	72,890	59,845
Fund balance (deficit), beginning	<u>(369,117)</u>	<u>(369,117)</u>	<u>(369,117)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (305,047)</u>	<u>\$ (356,072)</u>	<u>\$ (296,227)</u>	<u>\$ 59,845</u>

# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2013

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 275,000	\$ 226,986	\$ 248,826	\$ 21,840
State grants	-	47,735	95,969	48,234
Local funds	87,000	-	-	-
Other	-	58,500	32,289	(26,211)
Total revenues	<u>362,000</u>	<u>333,221</u>	<u>377,084</u>	<u>43,863</u>
Expenditures:				
Personnel	203,975	164,645	159,379	5,266
Grant/loan disbursements	-	-	39,848	-
Advertising	-	3,000	-	3,000
Consulting and contractual	108,100	93,000	20,440	93,000
Dues and subscriptions	-	-	636	(636)
Equipment costs	1,000	5,288	4,922	366
Insurance and bonding	4,300	6,585	8,388	(1,803)
Miscellaneous	2,800	8,060	8,899	(839)
Supplies	3,700	10,700	293	1,801
Professional fees	6,500	9,505	12,309	(2,804)
Rent and utilities	3,800	13,313	17,722	(4,409)
Technical assistance	11,725	7,463	-	7,463
Telephone	4,300	4,975	10,962	(5,987)
Training	2,500	500	482	18
Travel	9,300	6,565	4,929	1,636
Total expenditures	<u>362,000</u>	<u>333,599</u>	<u>289,209</u>	<u>44,390</u>
Excess (deficiency) of revenues over expenditures	-	(378)	87,875	88,253
Other financing sources (uses):				
Operating transfers in	-	-	8,506	8,506
Operating transfers out	-	-	(96,391)	(96,391)
Total other financing sources (uses)	-	-	(87,885)	(87,885)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(378)	(10)	368
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ (378)</u>	<u>\$ (10)</u>	<u>\$ 368</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER GRANT INFORMATION**



## Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of  
Financial Statements Performed in  
Accordance with *Government Auditing Standards*

The Board of Directors of  
Acadiana Regional Development District  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Acadiana Regional Development District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Acadiana Regional Development District's basic financial statements and have issued our report thereon dated January 14, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acadiana Regional Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Acadiana Regional Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Acadiana Regional Development District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

Eugene H. Darnall, CPA, Deceased 2009  
Barbara Ann Watts, CPA/CFE, Deceased 2013

E. Larry Sikes, CPA/PFS, CVA, CFP®  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. Higginbotham, CPA  
John P. Armato, CPA/PFS  
J. Stephen Gardes, CPA, CVA  
Jennifer S. Ziegler, CPA/PFS, CFP®  
Chris A. Miller, CPA, CVA  
Steven G. Moosa, CPA  
M. Rebecca Gardes, CPA  
Joan B. Moody, CPA  
Lauren V. Hebert, CPA/PFS  
Erich G. Loewer, III, CPA, M.S. Tax  
Stephen R. Dischler, MBA, CPA  
Pamela Mayeux Bonin, CPA, CVA  
Craig C. Babineaux, CPA/PFS, CFP®  
Jeremy C. Meaux, CPA  
Chad M. Bailey, CPA  
Adam J. Curry, CPA, CFP®  
Kyle P. Saltzman, CPA  
Blaine M. Crochet, CPA, M.S.

Kathleen T. Darnall, CPA  
Kevin S. Young, CPA  
Christy S. Dew, CPA, MBA  
Rachel W. Ashford, CPA  
Veronica L. LeBleu, CPA, MBA  
Christine Guidry Berwick, CPA, MBA  
Brandon L. Porter, CPA  
Christine H. Ford, CPA  
Barry J. Dufrene, CPA  
Tanya S. Nowlin, Ph.D., CPA  
Nicole B. Bruchez, CPA, MBA  
Brandon R. Dunphy, CPA  
Seth C. Norris, CPA  
Ryan Earles, CPA  
Jennifer Zaunbrecher, CPA  
Robert C. Darnall, CPA, M.S.  
Elizabeth H. Olinde, CPA

2000 Kaliste Saloom  
Suite 300  
Lafayette, LA 70508  
Phone: 337.232.3312  
Fax: 337.237.3614

1231 E. Laurel Avenue  
Eunice, LA 70535  
Phone: 337.457.4146  
Fax: 337.457.5060

1201 Brashear Avenue  
Suite 301  
Morgan City, LA 70380  
Phone: 985.384.6264  
Fax: 985.384.8140

203 S. Jefferson Street  
Abbeville, LA 70510  
Phone: 337.893.5470  
Fax: 337.893.5470

A Member of:  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants  
[www.dsfcpas.com](http://www.dsfcpas.com)

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 13-04 that we consider to be significant deficiencies.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Acadiana Regional Development District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 13-01 through 13-03.

#### **The Acadiana Regional Development District's Response to Findings**

The Acadiana Regional Development District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Acadiana Regional Development District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dannall, Sikes, Gaudes & Frederick*  
(A Corporation of Certified Public Accountants)

Lafayette, Louisiana  
January 14, 2014



## Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

### Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

#### Independent Auditor's Report

The Board of Directors of  
Acadiana Regional Development District  
Lafayette, Louisiana

#### Report on Compliance for Each Major Federal Program

We have audited the Acadiana Regional Development District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the Acadiana Regional Development District's major federal programs for the year ended June 30, 2013. Acadiana Regional Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Acadiana Regional Development District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Acadiana Regional Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Eugene H. Darnall, CPA, Deceased 2009  
Barbara Ann Watts, CPA/CFE, Deceased 2013

E. Larry Sikes, CPA/PFS, CVA, CFP®  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. Higginbotham, CPA  
John P. Armato, CPA/PFS  
J. Stephen Gardes, CPA, CVA  
Jennifer S. Ziegler, CPA/PFS, CFP®  
Chris A. Miller, CPA, CVA  
Steven G. Moosa, CPA  
M. Rebecca Gardes, CPA  
Joan B. Moody, CPA  
Lauren V. Hebert, CPA/PFS  
Erich G. Loewer, III, CPA, M.S. Tax  
Stephen R. Dischler, MBA, CPA  
Pamela Mayeux Bonin, CPA, CVA  
Craig C. Babineaux, CPA/PFS, CFP®  
Jeremy C. Meaux, CPA  
Chad M. Bailey, CPA  
Adam J. Curry, CPA, CFP®  
Kyle P. Saltzman, CPA  
Blaine M. Crochet, CPA, M.S.

Kathleen T. Darnall, CPA  
Kevin S. Young, CPA  
Christy S. Dew, CPA, MBA  
Rachel W. Ashford, CPA  
Veronica L. LeBlau, CPA, MBA  
Christine Guidry Berwick, CPA, MBA  
Brandon L. Porter, CPA  
Christine H. Ford, CPA  
Barry J. Dufrene, CPA  
Tanya S. Nowlin, Ph.D., CPA  
Nicole B. Bruchez, CPA, MBA  
Brandon R. Dunphy, CPA  
Seth C. Norris, CPA  
Ryan Earles, CPA  
Jennifer Zaumbrecher, CPA  
Robert C. Darnall, CPA, M.S.  
Elizabeth H. Olinde, CPA

2000 Kaliste Saloom  
Suite 300  
Lafayette, LA 70508  
Phone: 337.232.3312  
Fax: 337.237.3614

1231 E. Laurel Avenue  
Eunice, LA 70535  
Phone: 337.457.4146  
Fax: 337.457.5060

1201 Brashear Avenue  
Suite 301  
Morgan City, LA 70380  
Phone: 985.384.6264  
Fax: 985.384.8140

203 S. Jefferson Street  
Abbeville, LA 70510  
Phone: 337.893.5470  
Fax: 337.893.5470

A Member of:  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

[www.dsfcpas.com](http://www.dsfcpas.com)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Acadiana Regional Development District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Acadiana Regional Development District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 13-01 through 13-03. Our opinion on each major federal program is not modified with respect to these matters.

The Acadiana Regional Development District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Acadiana Regional Development District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Acadiana Regional Development District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ARDD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ARDD's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as item 13-04 that we consider to be a significant deficiency.

The Acadiana Regional Development District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Acadiana Regional Development District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Dannall, Sikes, Gaudes & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

January 14, 2014



## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Summary Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 12-01 Review of Outstanding Accounts Receivable

**Finding:** Acadiana Regional Development District invoices various entities for local dues and other services and grants. A review of the accounts receivable subsidiary detail at June 30, 2012 revealed several invoices that were outstanding for over 90 days. Upon further analysis it was concluded that these invoices were uncollectible and required adjustments so as not to overstate revenues and accounts receivable balances.

**Recommendation:** When financial statements are prepared, management should review the accounts receivable subsidiary detail and make appropriate adjustments when circumstances indicate that collection of invoiced amounts will not occur.

**Status:** The recommendation has been fully implemented and is therefore no longer being reported in the current year.

#### 12-02 Completeness of Accounts Payable

**Finding:** Audit procedures designed to test that the Acadiana Regional Development District has recorded all of the incurred but unpaid expenditures for the period ended June 30, 2012 identified \$15,945 of vendor invoices that were omitted from the June 30, accounts payable balance. In certain instances, the accounting personnel had knowledge of the unrecorded invoices but incorrectly decided to postpone the recordation of the invoice into the accounting system until funds were available to pay the invoice.

**Recommendation:** Accounting personnel should be instructed to immediately enter approved vendor invoices into the accounting system so that expenditures are reported in the proper period and so the financial statements do not understate the amount of the District's liability for accounts payable.

**Status:** The recommendation has been fully implemented and is therefore no longer being reported in the current year.

#### 12-03 Costs Associated with Administration of Revolving Capital Fund

**Finding:** The *First Amendment to Louisiana Revolving Capital Fund Agreement* between Acadiana Regional Development District and Louisiana Economic Development (LED) states "up to 15% of amounts generated by repaid loans, including principal and interest, may be used by the Intermediary for reasonable costs associated with the administration of the Revolving Capital Fund (RCF)". The Intermediary shall be responsible for maintaining appropriate documentation to prove that such costs are reasonable and specific to the administration of the RCF." A prior period performance monitoring review indicated that costs were being allocated to RCF Administration at a rate which was not reasonable. For the year ended June 30, 2012, the amount of transfers from the RCF to the Acadiana Regional Development District's operating account has again exceeded the maximum 15% allowable.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Summary Schedule of Prior Year Findings and Questioned Costs (Continued) Year Ended June 30, 2012

#### 12-03 Costs Associated with Administration of Revolving Capital Fund

**Recommendation:** Acadiana Regional Development District should comply with the provisions of the *First Amendment to Louisiana Revolving Capital Fund Agreement* and follow the corrective actions outlined by Louisiana Economic Development (LED) when those corrective actions are issued.

**Status:** This finding has not been resolved. This finding is therefore being reported again as current year finding 13-01.

#### 12-04 Compliance with Local Government Budget Act

**Finding:** The budgetary comparison schedules on pages 33 and 34 report large unfavorable variances between the final budgeted amounts of revenues and expenditures and the actual amounts of revenues and expenditures. These variances are in excess of 5% as allowed under State Law. Such large variances are an indicator of an ineffective budgetary process. Furthermore, the budget document prepared by the Acadiana Regional Development District lacks a presentation of beginning and ending estimated fund balances and is not in the format required by Act 966 of the Louisiana Legislative Regular Session.

**Recommendation:** Acadiana Regional Development District should comply with the provisions of Act 966 of the Louisiana Legislative Regular session. Because the District's General Fund is in a deficit position, the budget should be amended to reflect management's plans to bring the District's General Fund back to a positive position.

**Status:** The recommendation has not been implemented and is therefore being reported again as current year finding 13-02.

#### 12-05 EDA Relending Funds Inappropriately Transferred to the General Fund

**Finding:** As reported previously, Acadiana Regional Development District has transferred \$150,000 from the EDA Relending Fund to the General Fund where these funds were subsequently utilized for general operating purposes. In a similar manner, Acadiana Regional Development District transferred an additional \$30,000 during August 2011, and an additional \$10,000 during October 2011 to the General Fund to meet operating expenditures. Use of restricted funds in this manner is considered an unallowable use of EDA Relending funds. Furthermore, based on the current financial condition of the District, it appears that immediate repayment of the \$190,000 is unlikely in the short term.

**Recommendation:** Acadiana Regional Development District should notify the oversight authority of this condition and take immediate steps to develop a financial plan that will allow for repayment of EDA Relending funds to the appropriate account.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Summary Schedule of Prior Year Findings and Questioned Costs (Continued)  
Year Ended June 30, 2012

Status: ARDD has taken steps to negotiate the repayment of EDA Relending funds, but the issue has yet to be resolved.

12-06 Incorrect EDA Grant Program Revenue Recognition and Reporting

Finding: Acadiana Regional Development District was awarded two separate grants by EDA that allowed Acadiana Regional Development District to draw cash advances in anticipation of expenditures to be incurred. Acadiana Regional Development District was incorrectly accounting for these advances as revenue when the funds were deposited resulting in a material overstatement of revenue. Furthermore, the related Standard Forms 270 Request for Advance or Reimbursement contained financial information that could not be traced or reconciled back to the underlying books and records.

Recommendation: Acadiana Regional Development District should gain an understanding that when accounting for advances on cost reimbursement type grants, revenue is recognized when the underlying expenditures are appropriately incurred and charged to the grant program. When preparing and submitting the Standard Form 270 Request for Advance or Reimbursement, appropriate documentation that provides a trail to the underlying books and records should be maintained.

Status: The recommendation has not been implemented and is therefore being reported again as current year finding 13-04.

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Schedule of Findings and Questioned Costs Year Ended June 30, 2013

#### Part 1 Summary of Auditor's Results

##### FINANCIAL STATEMENTS

###### Auditor's Report

An unmodified opinion has been issued on the Acadiana Regional Development District's financial statements as of and for the year ended June 30, 2013.

###### Internal Control Deficiencies – Financial Reporting

The results of our tests disclosed an instance of significant deficiencies in internal control over financial reporting that is reported as item 13-04 in Part 4.

###### Material Noncompliance - Financial Reporting

The results of our tests disclosed instances of noncompliance which are required to be reported under *Government Auditing Standards* which are reported as items 13-01 and 13-02 in Part 2 and 13-03 in Part 3.

##### FEDERAL AWARDS

###### Major Program - Identification

Acadiana Regional Development District, at June 30, 2013, had one major program:  
U.S. Department of Commerce - Economic Adjustment Assistance (CFDA #11.307)

###### Low-Risk Auditee

The Acadiana Regional Development District was not considered a low-risk auditee for the fiscal year ended June 30, 2013.

###### Major Program Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended June 30, 2013.

###### Auditor's Report - Major Programs

A unmodified opinion has been issued on Acadiana Regional Development District's compliance for the major program as of and for the year ended June 30, 2013.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2013

FEDERAL AWARDS (CONTINUED)

Internal Control Deficiencies – Federal Programs

No material weaknesses or significant deficiencies in internal control over compliance with major programs were disclosed during the audit of the major program.

Compliance Findings Related to Federal Programs

The audit disclosed certain material noncompliance and questioned costs relative to the federal programs which are reported as items 13-03 and 13-04 in Part 3.

Part 2 Findings Relating to an Audit in Accordance with *Government Auditing Standards*

13-01 Costs Associated with Administration of Revolving Capital Fund

Criteria: The *First Amendment to Louisiana Revolving Capital Fund Agreement* between Acadiana Regional Development District and Louisiana Economic Development (LED) states “up to 15% of amounts generated by repaid loans, including principal and interest, may be used by the Intermediary for reasonable costs associated with the administration of the Revolving Capital Fund (RCF)”. The Intermediary shall be responsible for maintaining appropriate documentation to prove that such costs are reasonable and specific to the administration of the RCF.”

Condition: A prior period performance monitoring review indicated that costs were being allocated to RCF Administration at a rate which was not reasonable. For the year ended June 30, 2013, the amount of transfers from the RCF to the Acadiana Regional Development District’s operating account did not exceed the maximum 15% allowable, but prior year transfers exceeding the maximum percentage have not been recouped.

Effect: Noncompliance with program requirements can result in the demand by the granting agency for the Acadiana Regional Development District to repay such unallowable costs.

Recommendation: Acadiana Regional Development District should comply with the provisions of the *First Amendment to Louisiana Revolving Capital Fund Agreement* and follow the corrective actions outlined by Louisiana Economic Development (LED).

## ACADIANA REGIONAL DEVELOPMENT DISTRICT

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2013

#### 13-02 Compliance with Local Government Budget Act

**Criteria:** Acadiana Regional Development District is responsible for compliance with State Budget Law.

**Condition:** The budgetary comparison schedules on pages 33 and 34 report large unfavorable variances between the final budgeted amounts of revenues and expenditures and the actual amounts of revenues and expenditures. These variances are in excess of 5% as allowed under State Law. Such large variances are an indicator of an ineffective budgetary process. Furthermore, the budget document prepared by the Acadiana Regional Development District lacks a presentation of beginning and ending estimated fund balances and is not in the format required by Act 966 of the Louisiana Legislative Regular Session.

**Effect:** Ineffective budgeting is disadvantageous to fiscal responsibility and may lead to incorrect decision making by management.

**Recommendation:** Acadiana Regional Development District should comply with the provisions of Act 966 of the Louisiana Legislative Regular session. Because the District's General Fund is in a deficit position, the budget should be amended to reflect management's plans to bring the District's General Fund back to a positive position.

#### Part 3 Findings and Questioned Costs Relating to the Federal Programs

#### 13-03 Unsecured Deposits

**Criteria:** LSA-RS 39:1225 requires that funds on deposit be secured by federal deposit insurance or the pledge of securities.

**Condition:** As of June 30, 2013, the Acadiana Regional Development District had certain funds on deposit at a financial institution which exceeded FDIC insurance but were not fully secured by pledged securities..

**Effect:** Potential to lose deposits in the event of bank failure.

**Recommendation:** The Acadiana Regional Development District should comply with the provisions of LSA-RS 39:1225.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2013

Part 4 Findings and Questioned Costs Relating to Internal Control

13-04 Incorrect EDA Grant Program Expenditure Recognition and Reporting

Criteria: The capturing of costs and allocation of those costs to the appropriate program/function is essential to the preparation of meaningful financial statements. Additionally, the allocation of costs to specific programs that contain matching provisions is required to assist management in determining whether matching levels are attained.

Condition: Monthly and annual financial statements being prepared by ARDD contained numerous costs that were classified as general and administrative expenditures when in fact they should have been classified as direct costs that satisfy matching requirements for specific grants. Additionally, a monthly reconciliation should be performed of actual costs as reported within the financial statements with costs reflected within monthly reports submitted to grantors.

Effect: Potential to inaccurately report financial information.

Recommendation: Acadiana Regional Development District should gain an understanding that when accounting for cost reimbursement type grants, it is imperative that the corresponding expenditures are appropriately incurred and charged to the correct grant program. Appropriate recording keeping and documentation that provides a trail to the underlying books and records should be maintained.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Management's Corrective Action Plan for Current Year Findings  
Year Ended June 30, 2013

Response to Finding 13-01: ARDD has taken necessary actions to correct this deficiency and is also awaiting a final report on this matter from OCD.

Response to Finding 13-02: ARDD will comply with the provisions of Act 966 of the Louisiana Legislative Regular Session and will amend its budget as required to ensure that variances do not exceed the 5% allowed under State Law.

Response to Finding 13-03: ARDD has determined that the bank holding deposits in excess of FDIC coverage failed to provide the necessary pledged securities. ARDD will continue to monitor the pledged security reports for prevention of insufficient coverage.

Response to Finding 13-04: Accounting staff members are working with ARDD's accounting consultant to gain a better understanding of accounting for cost reimbursement type grants and documentation required.



# ACADIANA REGIONAL DEVELOPMENT DISTRICT

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Disbursements/ Expenditures</u>
U.S. DEPARTMENT OF COMMERCE		
Direct Program:		
Economic Development - Technical Assistance	11.303	24,860
Economic Adjustment Assistance - Commerce Center Construction	11.307	11,242
Economic Adjustment Assistance - Revolving Loan Fund	11.307	<u>659,020</u>
Total U.S. Department of Commerce		<u>695,122</u>
U.S. DEPARTMENT OF AGRICULTURE		
Direct Program:		
Rural Business Enterprise Grant	10.769	<u>10,614</u>
DELTA REGIONAL AUTHORITY		
Direct Program:	N/A	<u>13,636</u>
Total federal assistance		<u>\$ 719,372</u>

### NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of the Acadiana Regional Development District and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

### NOTE 2 LOAN VALUE

In accordance with EDA requirements, the principal balance of loans outstanding at June 30, 2012 under the Economic Adjustment Program Revolving Loan Fund was \$283,644.